

## Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-04

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01

OMB-01 /109 W

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R 110724Z JUL 77

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 8023

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: ELAB, EIND, BEXP, SF, US

SUBJECT: OPTIONS FOR SURVEYING LABOR PRACTICES OF U.S.  
AFFILIATES

1. SUMMARY: EMBASSY BELIEVES WE HAVE A CONTINUING RESPONSIBILITY TO ACCUMULATE DATA ON LABOR PRACTICES OF US SUBSIDIARIES IN SOUTH AFRICA. ALTERNATIVE APPROACHES ARE LISTED IN THIS MESSAGE. APPROACHES WE RECOMMEND ARE: (A) PERSUADING SULLIVAN GROUP TO COLLECT AND MAKE PUBLIC DATA ON PROGRESS IN COMPLYING WITH MANIFESTO; AND (B) MULTILATERAL ACTION THROUGH OECD. END SUMMARY.

2. CONTINUED ATTENTION BEING GIVEN HERE AND IN US TO EMPLOYMENT PRACTICES OF US FIRMS IN SOUTH AFRICA RAISES QUESTION OF WHAT FURTHER ACTION SHOULD NOW BE PURSUED. AS A MATTER OF LIMITED OFFICIAL USE

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POLICY WE CONTINUE TO URGE IMPROVEMENTS IN LABOR PRACTICES BECAUSE WE FEEL THAT TO JUSTIFY THEIR PRESENCE IN SOUTH AFRICA US FIRMS MUST MAKE A DEMONSTRABLE CONTRIBUTION TO ECONOMIC AND SOCIAL CHANGE. TO GIVE FORCE TO SUCH URGINGS AND TO BUILD EVIDENCE THAT FIRMS PERFORM A POSITIVE ROLE, WE ALSO NEED TO UPDATE AND EXPAND DATA ON EMPLOYMENT PRACTICES OF US SUBSIDIARIES.

3. A NEW FACTOR IN THE SITUATION IS THE STATEMENT OF PRINCIPLES ("SULLIVAN MANIFESTO") SO FAR SIGNED BY 33 FIRMS. ONE PURPOSE OF AMBASSADOR'S MEETING WITH ORIGINAL SIGNATORY FIRMS (CAPE TOWN 904) WAS TO ASCERTAIN WHETHER FIRMS INTENDED TO MONITOR THEIR OWN PERFORMANCE AND WHETHER THEY PLANNED TO FORM A GROUP THROUGH WHICH RELEVANT DATA COULD BE CHanneLED TO USG. ATTITUDES REFLECTED IN MEETING WERE NOT PROMISING ON EITHER SCORE.

4. AS DEPT AWARE, SOME DATA WAS COLLECTED MOSTLY DURING FIRST HALF OF 1976 BY A QUESTIONNAIRE SUPPLEMENTED BY PERSONAL VISITS BY LABOR OFFICER AND ECONOMIC OFFICERS TO INDIVIDUAL FIRMS. INTENTION WAS TO USE THIS MATERIAL TO UPDATE 1973 SURVEY. ALTHOUGH SURVEY NOT COMPLETED IN FORM ORIGINALLY INTENDED, THE RESULTS WERE SUMMARIZED IN JOHANNESBURG A-72 AND A-104.

5. ADDITIONAL INFORMATION WAS COLLECTED BY CLARK SUB-COMMITTEE LAST FALL, ALTHOUGH WE DO NOT KNOW DEGREE OF RESPONSE TO 300 QUESTIONNAIRES REPORTEDLY CIRCULATED.

6. AGAINST THIS BACKGROUND, SEVERAL OPTIONS PRESENT THEMSELVES: (A) PROCEED WITH THE IDEA OF A MEETING IN WASHINGTON OF TOP OFFICIALS OF US PARENTS TO DETERMINE JOINTLY GOALS AND STRATEGIES AND TO WORK OUT PROCEDURES FOR COOPERATION IN LIMITED OFFICIAL USE

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INFORMATION GATHERING; (B) CONTINUE LABOR OFFICER'S CURRENT PROGRAM OF INFORMAL INTERVIEWS WITH US COMPANY REPRESENTATIVES IN SOUTH AFRICA; (C) ASK CLARK SUB-COMMITTEE FOR RESULTS OF ITS SURVEY WITH A VIEW TO STUDYING FURTHER COURSES OF ACTION WHICH MIGHT BE FOLLOWED; (D) ADMINISTER A MORE COMPREHENSIVE QUESTIONNAIRE (SAMPLE BEING SENT BY AIRGRAM) EITHER LOCALLY OR IN THE US, ON A NON-ATTRIBUTED BASIS TO A REPRESENTATIVE GROUP OF COMPANIES; (E) TAKE UP WITH REV. SULLIVAN THE ADVISABILITY OF HIM DEVELOPING A MONITORING PROCEDURE, BASED ON PERIODIC SURVEYS, EITHER UNILATERALLY OR IN CONJUNCTION WITH STATE, PREFERABLY THE FORMER; (F) UNDERTAKE A MULTILATERAL SURVEY OR OTHER ACTIONS IN COLLABORATION WITH OTHER MEMBERS OF OECD.

7. COMMENTS ON ABOVE OPTIONS: IN OUR JUDGMENT, PREFERRED COURSES OF ACTION ARE (E) AND (F). FACT THAT MANIFESTO WAS A STRICTLY PRIVATE INITIATIVE HAS GIVEN IT ADDED WEIGHT AND ATTENTION HERE. WE BELIEVE FURTHER ACTIONS IN PURSUANCE OF MANIFESTO'S OBJECTIVES SHOULD IF POSSIBLE BE KEPT IN PRIVATE CHANNELS. NOW THAT MORE FIRMS HAVE ANNOUNCED ADHERENCE, LOGICAL STEP TO STRENGTHEN PROJECT WOULD BE FOR FIRMS TO FURNISH REPORTS OF PROGRESS, TO BE FOLLOWED BY PERIODIC NON-

ATTRIBUTED COMPILATIONS RELEASED IN US. IF THESE GIVE A CREDIBLE RUNDOWN OF ACTIONS TAKEN AND PROBLEMS STILL FACED, IT WILL HELP KEEP ATTENTION FOCUSED ON BLACK LABOR ISSUE IN SA AND REDUCE SUSPICION THAT MANIFESTO IS ONLY COSMETIC.

8. FOR REASONS IMPLICIT IN CAPE TOWN 904, WE DO NOT THINK AS MUCH WOULD BE ACHIEVED BY TRYING OURSELVES TO DEVELOP A MONITORING MECHANISM OF MANIFESTO SIGNATORIES IN SA, OR THAT WE WOULD RECEIVE FULL COOPERATION IF WE TRIED TO COLLECT COMPLIANCE INFORMATION BY DEALING SOLELY THROUGH THE SUBSIDIARIES.

9. ON THE QUESTION OF MULTILATERAL ACTION, WE HAVE EXPLORED THIS OPTION TENTATIVELY WITH THE BRITISH LABOR ATTACHE AND ITALIAN CONSUL GENERAL IN JOHANNESBURG. THE FORMER IS MORE LIMITED OFFICIAL USE

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ENTHUSIASTIC THAN THE LATTER WHO ADVISES THAT EUROPEAN COMMUNITY IS ALSO CONSIDERING A LABOR PRACTICES SURVEY. SWISS EMBASSY HAS ALSO EXHIBITED SOME INTEREST IN ADOPTING GUIDELINES FOR SWISS FIRMS.

10. WHILE OPTION (A) WOULD HAVE SOME DESIRABLE RESULTS, IT COULD BE SEEN AS REDUNDANT IF SULLIVAN MANIFESTO ASSUMES A MORE IMPORTANT ROLE THAN PRESENT STATEMENTS OF INTENT BY INDIVIDUAL FIRMS. WOULD NOT HAVE VIRTUES OF PRIVATE APPROACH AS IN CASE OF SULLIVAN MANIFESTO. USG-SPONSORED MEETING WOULD OF COURSE BE A MEANS TO INVOLVE MANY FIRMS WITH SMALLER AFFILIATES IN SA THAT HAVE NOT YET SIGNED MANIFESTO.

11. WHILE IT WOULD BE USEFUL TO REVIEW RESULTS OF SENATOR CLARK'S QUESTIONNAIRE (OPTION C), WE ARE DOUBTFUL FROM NATURE OF QUESTIONS ASKED THAT IT REPLACES NEED FOR OTHER SURVEYS. QUESTIONNAIRE DEVELOPED BY JOHANNESBURG LABOR OFFICER (OPTION D) IS ONLY WAY WE COULD DEVELOP ENOUGH INFORMATION TO MAKE A TRULY SATISFACTORY ANALYSIS OF THE LABOR PERFORMANCE OF US FIRMS. IT WILL, HOWEVER, BE DIFFICULT TO SECURE FULL COOPERATION OF THE AFFILIATES WHICH ARE NOT ALWAYS CONVINCED OF THE DESIRABILITY OF REVEALING SUCH DATA AND ARE SENSITIVE OVER THE NUMBER OF QUESTIONNAIRES THEY HAVE RECEIVED. WE ALSO FORESEE THAT IT WOULD REQUIRE PERSONAL VISITS BY THE LABOR OR CONSULATE OFFICERS TO INSURE COMPLIANCE. THIS CAN BE VERY TIME-CONSUMING. FOR THE LESS AMBITIOUS QUESTIONNAIRE CIRCULATED BY US IN 1976, IT REQUIRED SEVERAL WEEKS OF EFFORT TO SECURE USEFUL RESPONSES FROM ABOUT 20 FIRMS.

12. WOULD APPRECIATE DEPT VIEWS ON FOREGOING.  
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## Message Attributes

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